

**STRATEGY
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**THE ECONOMIC INSTRUMENT OF NATIONAL POWER AND ITS
RELEVANCE TO STRATEGIC MILITARY LEADERS**

BY

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7 APRIL 1999

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ABSTRACT

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Nation-states have utilized four Instruments of National Power in pursuing their National Security Objectives. These instruments are commonly categorized as Political/Diplomatic, Military, Technology/Informational, and Economic. This paper will deal with the Economic Instrument of Power and its relevance to the Strategic Military Leader. First, it will explain the four tools (Macroeconomic Policy, International Trade Policy, Economic Sanctions, and Foreign Aid), which comprise the Economic Instrument of Power. A demonstration of how the US uses these tools in exercising its Economic strength will be addressed and link these uses to explain why the reader should understand them. Second, it will further demonstrate its relevance to, and explain why every Strategic Military Leader should know, appreciate, and understand how the Economic Instrument of Power affects them presently and in the future.

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PREFACE

The United States of America, and most other developed countries, primarily utilize four instruments of National Power in pursuing their National Security Objectives throughout the world. These instruments are commonly categorized as Political/Diplomatic, Military, Technology/Information, and Economics. Many books, articles, and stories have been written on each of these Instruments of Power. This paper will deal with the Economic Instrument of Power and its relevance to the Strategic Military Leader. It will begin with an explanation of the Economic Instrument of Power. This will be accomplished by explaining the four tools (Macroeconomic Policy, International Trade Policy, Economic Sanctions, and Foreign Aid) which comprise the Economic Instrument of Power, how the US uses these tools in exercising its Economic strength, and link these uses to explain why the reader should understand them. It will then further demonstrate its relevance to, and the importance for every Strategic Military Leader having knowledge of, appreciation for, and an understanding of, how the Economic Instrument of Power affects them now and possible future outcomes.

ECONOMIC INSTRUMENT OF NATIONAL POWER

In this new world, economic strength will be more important than military strength. The new order will be defined by trade relations, by the flow of information, capital, technology, and goods, rather than by armies glaring at each other across borders.¹

*General Colin L. Powell
Chairman
of the Joint Chiefs of Staff*

In these days of world economic interdependence, one of a nation-state's most powerful tools for achieving its National Security Objectives can be the Economic Instrument of Power.

Author Theodore H. Moran in his book American Economic Policy and National Security expressed it this way:

The agenda for an American national security strategy has changed dramatically of late. Economics is coming to occupy a more prominent position in determining the capacity of the United States to lead others and influence events on the world stage.²

A recent RAND study for the National Defense Research Institute re-emphasizes this rise in Economic importance:

The end of the Cold War has brought a reduction in the direct military and political threats facing the US. As these threats have receded, the attention of both the US policy community and the general public has turned to other kinds of developments and circumstances that can affect the ability of the US population to pursue life, liberty, happiness, and prosperity on their own terms. In particular recent years have seen increase interest in US 'economic security'.... Increasing attention is also being paid to the usefulness of economic instruments as substitutes for or complements to military and political means of achieving traditional US national-security and foreign-policy objectives.³

The RAND study goes on to say how this will affect the Department of Defense (DoD) more directly:

Economic security also has another dimension: the economic consequences of national security policies. Defense policies are more directly involved here, and the DoD and the National Security Council are dominant players in this arena.

The economic consequences of national security policies have two components: first, the ways in which military instruments may be used to generate economic effects and second, ways in which economic instruments can be used to substitute for, or to complement, military instruments in pursuit of security objectives.⁴

Due to Economics' apparent rise in importance, it becomes more and more imperative for all strategic leaders to have a better understanding of this instrument of power, and its use.

In particular, Strategic Military Leaders need to understand the important role economic power will play in the execution of military missions, and also, the importance of the military in the execution of the Economic Instrument of Power in today's world.

With this changing environment in mind, the thesis of this paper is to first improve the Strategic Military Leader's understanding of the Economic Instrument of Power, and second, to explain how the Military and Economic Instruments of Power might be used simultaneously in achieving National Security Objectives. The military role will be spelled out in the second section of this paper. But first, in order to successfully accomplish this role, the Strategic Military Leader must have a thorough

understanding of what exactly makes up the Economic Instrument of Power.

Within the Economic Instrument of Power there are four tools that a nation-state can use to cause a desired effect. They are Macroeconomic Policy, International Trade Policy, Economic Sanctions, and Foreign Aid. This paper will elaborate on the definition of these tools and their use in causing a change in a target's behavior. The largest and probably most misunderstood economic tool, Macroeconomic Policy will be addressed first.

Macroeconomic Policy:

"Macroeconomics is the study of the behavior of the economy as a whole. It examines the overall level of a nation's output, employment, prices, and foreign trade."⁵ "Macroeconomics is the branch of economics that tries to explain how and why the economy grows, fluctuates, and changes over time."⁶ The approaches used in this economic tool are: "government intervention in exchange rate markets, controls over loans and investment (into or out of the US), interest rate changes, and tax and government expenditure policy."⁷

Rather than explain each of the approaches available to a government in Macroeconomic Policy, this paper will focus on the one most directly influencing DoD, namely government expenditures, or more specifically the military's budget.

If the government is attempting to get its "economic house" in order, it will take a look at how it spends its money. If a government wants to improve its standard of living in the world economy, it must decide the most significant goods to spend its money on, and the least essential. The DoD budget also falls within this scale of monetary needs and must compete with other budgetary demands. The military professional must comprehend this competition for resources and be able to voice how fundamental military budgets are to the total well being of the nation.

This is similar to an approach an individual would take if trying to improve their standard of living, save money, or use their money more wisely. Of course there are necessities people must spend their money on to survive, like food, clothing, and housing. Often called non-discretionary spending or expenditures, the government has the same types of things such as interest on debt, some payrolls, and some essential social services.

There are other things people spend their money on that are not vital to survival, like entertainment, vacations, and other luxuries. These are often called discretionary spending or expenditures. Likewise, the government has some of these too, like pay raises, traveling expenses, and the size of its military.

The line between these two types of expenditures can be very difficult to determine, just as any personal expenses. The size and amount of money the government spends on its military is also a difficult decision but one that must be made. The Strategic Military Leader must understand this tug-of-war and be able to articulate the military's financial needs in light of the changing world environment and nation's priorities. Strategic Military Leaders must explain how important the DoD's budget is to the overall economic well being of the nation.

"The political, social, and military fate of nations depends greatly upon their economic success, and no area of economics is today more vital or more controversial than macroeconomics."⁸ Macroeconomics attempts to control how much money a government and its people have available to spend. The next tool continues this control by establishing what foreign items are available for money to be spent on, or in other words a government's International Trade Policy.

International Trade Policy:

"Trade in its broadest sense, encompasses flows of goods, services, and investment; while trade policy refers to measures affecting those flows,"⁹ or specifically, official governmental policies which promote or restrict international trade. Some of the tools a government can use in International Trade Policy are:

import and export quotas, import and export tariffs, and other non-tariff barriers to trade.¹⁰

International trade is vital to our economy, and therefore, our continued existence. President Clinton in his Economic Report of the President said that "About a third of our economic growth in recent years has come from selling American goods and services overseas."¹¹ "An increasing number of U.S. jobs now depend on exports (approximately 11 million)."¹² According to the White House's 1998 National Security Strategy for a New Century, "In a world where over 95 percent of the world's consumers live outside the United States, we must expand our international trade to sustain economic growth at home."¹³

Since international trade is such an integral part of the US economy, and most other developed countries, it can be used by many governments as a "weapon" to control behavior.

International trade has been compared to war inasmuch as both represent means by which one nation attempts to expand its consumption possibilities by obtaining something that another nation possesses. Thus like armed conflict, international trade may affect the security of participating nations.¹⁴

The use of this "weapon" can lead to a more violent conflict if a nation's very existence is put in jeopardy as a result. This can be seen in several of the world's past conflicts. For example, the US, Dutch, and British trade embargo of Japan in 1941 has been touted as a major contributor to Japan starting the war in the Pacific.¹⁵

By understanding how important trade is to a government's economy and existence, and how International Trade Policy may be used as a "weapon" in the world, Strategic Military Leaders should appreciate how important this economic tool could be in determining where, when, and how they may be called upon to respond.

According to the President, focusing on trade not only makes good economic sense but actually helps the US to realize the traditional objectives of its foreign policy. Enhance international security and lessen the likelihood of conflict; promote democracy; and ensure American primacy on the global scene.¹⁶

Since the health of the US economy is so dependent on International Trade, and since in Macroeconomic terms the DoD budget is linked to the economy, then the Strategic Military Leader should appreciate the relevancy of his vocation to the overall well being of the economy. This linkage will be further explained in the second section of this paper.

The policies governments exercise over International Trade can make a large impact on how other nations behave on the world scene. Another approach which is probably the most publicized and controversial is Economic Sanctions.

Economic Sanctions:

Economic Sanctions are essentially efforts to influence a country's behavior by imposing economic penalties. They can take a variety of forms: imposing embargoes, barring financial transactions, freezing economic assets held abroad, and curtailing trade and foreign aid.¹⁷

Economic Sanctions are a reduction or complete termination of trade or financial dealings with a target nation-state with the goal of bringing about a change in its behavior, to one more acceptable to the invoking actor.

The first step a Nation-state usually takes to change another's behavior is by using words of condemnation, commonly known as Political/Diplomatic efforts. If words fail actions often follow. Usually the first action step in the escalation of Instruments of Power is Economic Sanctions. By prohibiting economic or financial relations with another actor, the instituting actor gets their attention and causes them to focus on the problem by causing some degree of pain. "Sanction may not make your adversary roll over and play dead, but they may make him sit up and pay attention."¹⁸

The current interest in Economic Sanctions focuses on their use as an alternative to war. Stuart Eizenstat, the Under Secretary of State for Economics, Business, and Agricultural Affairs during his Congressional testimony said, "Economic sanctions are an important foreign policy tool intermediate between diplomacy and the use of force."¹⁹ This is not to say Economic Sanctions would preclude states from going to war, but rather the first action step in the process which eventually might lead to war.

Along with Economic Sanctions being an alternative to war, the bigger question is, Are Economic Sanctions useful? According

to Under Secretary of State Eizenstat, when "Used in an appropriate way and under appropriate circumstances, sanctions can further important US policy goals."²⁰ In a separate interview, Secretary Eizenstat said, "Sanctions are not a one-size-fits-all foreign policy tool."²¹ Their success however, depend in large part on two factors. First, what are you expecting to accomplish with the sanctions? And second, are you implementing them unilaterally or in conjunction with other Nation-states?

Economic Sanctions,

have been least successful at promoting the fall of regimes or the overthrow of dictators, in part because the elite who could engineer a coup are well insulated from the hardship that sanctions create. More likely, sanctions can persuade governments to change policies to which they are not firmly committed, or which are peripheral to their basic interests.²²

If used to alter behavior, they can be a very useful tool. "They can be overused or ineffectively put forward as a way to resolve crises that are beyond the scope of what economic pressures can achieve."²³ Perhaps the most controversial issue is the exact measurement of success; "success can be a highly subjective measure, depending as much upon one's perspective as upon the 'objective' outcome of the situation. As a result, there are often strong disagreements about the success of sanctions in specific cases."²⁴

One of the biggest determinates of success is the extent to which the economic sanctions are conducted by multiple players in the world. Secretary Eizenstat went on to say, "Multilateral sanctions are more likely to be effective against a targeted country by showing unity of international purpose and by including a maximum number of business and commercial interests around the world."²⁵ The more countries that abide and conduct the sanctions, the more likely they will be successful. General Powell wrote,

I still believe that sanctions are a useful weapon in the armory of nations. But sanctions work best against leaders who have the interest of their country and people at heart, because sanctions hurt the people and the country more than the leaders. The problem is that sanctions are most often imposed against regimes that have only their own interests and the retention of power at heart. And since these leaders are still going to have a roof over their heads, food on their table, gas in their tank, and power in their hands, sanctions rarely work against them.²⁶

The bottomline to the success or failure of Economic Sanctions is still much debated by many experts. The point is that Economic Sanctions are still a weapon, and in the US the weapon of choice. It is a weapon that Military Strategy Leaders will be involved with both directly, by enforcing them, and indirectly, by living through them. It therefore, is in one's best interest to keep current in both the debate and the execution.

If Economic Sanctions sounds like the negative approach to behavior modification, the next economic tool, Foreign Aid, uses virtually the opposite approach.

Foreign Aid:

According to US Senate Resolutions 35 and 141, 85th Congress, 1957, "The purpose of our foreign-aid programs, as officially described, is to foster a world environment that is conducive, not only to our survival, but to the continuation of our free society."²⁷ This is how US Foreign Aid began.

Although US Foreign Aid may take several forms, the most common categories or purposes are: Military assistance, Defense support, and Economic aid.²⁸ Military assistance is intended to help the targeted country build better military defenses than it could afford to do by itself. Defense support accompanies military assistance to help the targeted country build up its economy as well as military defenses. Economic aid refers to loans or grants to countries which are economically underdeveloped but who do not receive military assistance.²⁹

A recent Congressional Budget Office (CBO) study more specifically put it this way:

Today's [Foreign] aid dollars include security related operations such as UN peacekeeping, elimination of weapons and defense conversion in the former Soviet Union, as well as activities intended to serve economic and humanitarian goals such as family planning, child immunizations, and agricultural development.³⁰

Basically, Foreign Aid is designed to assist countries to modernize and become more like the US, and thus reduce the possibilities of violence caused by dissatisfaction with their

government. This approach has been modified through the years depending on the threat of the Soviet Union.

Since the dissolution of the Soviet Union and its appeal to developing countries, Foreign Aid has become an instrument to influence governments on a host of issues from human rights to the environment.³¹

Since the collapse of the Soviet Union and the Warsaw Pact, other security threats have become primary concerns--for example, the proliferation of nuclear weapons, attempts by one country to dominate others in its region, and activities of terrorist organizations.³²

There are many people who still argue whether Foreign Aid is useful or not. The evidence uncovered to date is inconclusive, however, the world has changed greatly since Foreign Aid's inception, and how much of that credit applies here is debatable. The primary reason the Strategic Military Leader must be aware of this tool is that it is still used by the US today, and the military plays a sizable role in its execution. With this increased understanding, the Strategic Military Leader will be better equipped to carry out his role.

Foreign Aid is an important tool in the toolbox of furthering our National Security interests. By the effective use of Foreign Aid, the US may prevent bad situations into escalating into a situation they would have to intervene and perhaps cost them lives. "The squalor and lack of economic opportunity that remain in parts of the developing world, if not mitigated, could intensify political schisms and instability."³³

So far, this paper has explained four different Economic Power tools a government can use to change another's behavior to one more in concert with their own. Macroeconomics is the approach whereby a government can affect the creation of national wealth. International Trade is an approach that can be used as a "weapon" in controlling behaviors. Economic Sanctions is the approach that uses more economic force in trying to persuade another actor to modify their behavior. Lastly, Foreign Aid is a way of motivating other countries to change their behavior by improving their quality of life with direct monetary assistance. Secretary of State, Madeleine Albright believes that:

When we make progress on the international economic front, we make progress on all fronts. A world that is busy growing will be less prone to conflict and more likely to cooperate. And as history informs us, prosperity is a parent to peace.³⁴

Now with a better understanding of the Economic Instrument of National Power, What additional relevance does it have to a Strategic Military Leader?

RELEVANCE TO STRATEGIC MILITARY LEADERS

National Military Objectives

To defend and protect US national interests, our national military objectives are to Promote Peace and Stability and, when necessary, to Defeat Adversaries. US Armed Forces advance national security by applying military power as directed to help Shape the international environment and Respond to the full spectrum of crises, while we also Prepare Now for an uncertain future.³⁵

General John M. Shalikashvili
Chairman
of the Joint Chiefs of Staff

Keeping these National Military Objectives in mind, why is the Economic Instrument of Power relevant to Strategic Military Leaders? In answering this question two primary avenues will be presented.

First, the United States has several instruments of national power at its disposal. The military is the most violent and potentially deadliest instrument, but at the same time one of the most useful and multi-dimensional. Therefore, a government, and more specially its military, should want to do whatever possible to ensure the other tools are successful first. The US Joint Chiefs of Staff had this to say in Joint Pub 3-0, Doctrine for Joint Operations:

When other instruments of national power (diplomatic, economic, and informational) are unable or inappropriate to achieve national objectives or protect national interests, the US national leadership may employ the military instrument of national power to conduct large-scale, sustained combat operations.³⁶

Second, if indeed the Economic tool is continuing to emerge over the others, What affect will this have on the Military, and How must the Military Instrument of Power be prepared to adapt? It is important to remember however, that all of the other instruments may be used either in conjunction with or simultaneously with the military instrument. In Joint Pub 1, Joint Warfare of the Armed Forces of the United States, the US Joint Chiefs of Staff said:

When the United States undertakes military operations, the Armed Forces of the United States are only one component of a national-level effort involving the various instruments of national power: economic, diplomatic, informational, and military.³⁷

This paper will now look at ways the Military Instrument of Power is currently being used in support of the Economic Instrument of Power.

Military Support to other Instruments of Power:

The mission and purpose of the US military is to deter war and if that fails, to fight and win wars. According to the US Joint Chiefs of Staff, "Deterrence is our first line of our national security. If deterrence fails, our objective is winning the nation's wars."³⁸ Most people, especially military professionals, would prefer to do whatever is necessary to deter war rather than wage war because of its inherent danger to those who must engage in war. Therefore, the military should have a

vested interest in solving differences short of war, and if the other Instruments of Power can accomplish this goal, even better. On this point the US Joint Chiefs of Staff had this to say, "We also have a long history of military support for national goals short of war.... In all military operations other than war, our purpose again is to promote the national security and protect our national interest."³⁹

What is the normal order of escalation in the use of the Instruments of National Power? Political/Diplomatic, followed by Economic, and then Military, with Technology/Information used throughout the spectrum. Gen Colin Powell, Chairman of the Joint Chiefs of Staff believed that, "War should be the politics of last resort. And when we go to war, we should have a purpose that our people understand and support; we should mobilize the country's resources to fulfill that mission and then go in to win."⁴⁰ The military should want the other tools to be as successful as possible. What does the military do to help the success of the Economic Instrument of Power, and thus not resort to war?

In support of the other Instruments of National Power, the military is called upon to accomplish several support functions. One of the oldest efforts is called "Showing the Flag." The most obvious example is usually carried out by the Navy when a fleet is sent to a port of call in some foreign land. Having US troops stationed abroad is also a way we show the flag. According to

Joint Pub 3-07, Joint Doctrine for Military Operations Other Than War, "Overseas presence activities demonstrate our commitment, lend credibility to our alliances, enhance regional stability, and provide a crisis response capability while promoting US influence and access."⁴¹

Yet another military function not usually thought of by military professionals as being in support of the Diplomatic and Economic Instruments of Power, is Security Assistance such as Foreign Military Sales (FMS). Joint Pub 3-07 goes on to say,

Security assistance refers to a group of programs by which the US provides defense articles, military training, and other defense related services to foreign nations...in furtherance of national policies and objectives.⁴²

This "assistance" may take several forms. Everything from direct sales of equipment such as tanks and planes, to the selling of training or courses of study fits this model. A prime example of FMS is the presence of International Officers attending the US Army War College. This allows the foreign military officers the opportunity to learn about and from US military officers in an academic environment. This positive experience is taken back to their countries and can influence the feelings and relations between their government and the US. This helps to "Shape" the international environment in a positive way while supporting the Political and Economic Instruments of Power.

A closely related application of the Military Instrument of Power, is the conducting of military exercises in foreign

countries. Benefits range from training the foreign military personnel and local civilian authorities, to building badly needed infrastructure such as hospitals, schools, and roads. Joint Pub 3-07 further explains that, "US forces deployed abroad lend credibility to US promises and commitments, increase its regional influence, and demonstrate its resolve to use military force if necessary."⁴³ This also demonstrates to the local citizens not only the US commitment, but also what purposes their own military could provide if needed. The Shaping and Preparing functions in our National Military Objectives are fulfilled, and concurrently support the Economic as well as the other Instruments of Power. If the military professional understands this linkage, he might appreciate his own situation more.

If the targeted country requires a much larger force and effort than the US can accomplish alone, the international community can also be solicited to assist. This function is often called Humanitarian Assistance and is usually under the banner of the United Nations. Here again the US military forces would be called in to provide everything from transportation to directly providing needed goods and services. "Humanitarian Assistance operations relieve or reduce the results of natural or manmade disasters or other endemic conditions such as human pain, disease, hunger, or privation in countries or regions outside the United States."⁴⁴ This Response is also in keeping with the

National Military Objectives, National Security Strategy, and supports the other Instruments of Power.

The last application this paper will cover is often categorized as Peace Operations. "Peace Operations are military operations to support diplomatic efforts to reach a long-term political settlement and are categorized as peacekeeping operations and peace enforcement operations."⁴⁵ These operations run the full range from observing the implementation of the peace agreement, to direct confrontation with the warring factions to compel compliance with resolutions.

Many of these uses are not necessarily new functions for today's military professionals, but the frequency they are called upon to accomplish them is on the rise. Not many in the military understand that while they are conducting these "military" missions, they are actually directly supporting the Economic Instrument of Power. When the military is used in Peace Operations they help stabilize the world situation which in turns stabilizes the world economy. Whenever the world economy is more stabilized the US economy benefits and is more prosperous.

Without an understanding of Economics, few military professionals would be able to explain what they do to support the Economic Instrument of Power, while in fact, the military supports them every time they are on an exercise, deployment, or training mission in a foreign country.

All of these functions serve to benefit the US by supporting the National Security Strategy, and therefore, are appropriate although historically different, uses of the Military Instrument of Power. President Clinton believes that, "Our response might be diplomatic, economic, law enforcement, or military in nature - or, more likely, some combination of the above."⁴⁶ Today's military professionals must continue to expect to be used as tools of the Economic Instrument of Power and particularly in combination with the other tools. This is precisely why it is important for military professionals to have a basic working understanding of the Economic Instrument of Power and the support they give to it, so they appreciate what and why they are conducting these missions, and be able to articulate this importance to their subordinates as well. If this is the case, what does it mean to the future of the Military Instrument of Power?

Military Instrument's Possible Outcomes:

What are some possible results of the Military Instrument's apparent decline of importance and the corresponding rise of the Economic Instrument of Power? "The agenda for an American National Security Strategy has changed dramatically of late. Economics is coming to occupy a more prominent position in determining the capacity of the Untied States to lead others and influence events on the world stage."⁴⁷ The National Defense

University's Institute for National Strategic Studies has a similar belief. "Unlike the Cold War world of ideological conflict, in which traditional security concerns dominated policymakers' thinking, governments now emphasize the pursuit of material prosperity."⁴⁸

There are many possible outcomes resulting from this shift of preeminence. This paper will discuss the two believed to be the most likely to continue. The possible outcomes are a further down-sizing of the US military, and an increase in the military's use in "non-traditional" methods to support the Economic Instrument of Power.

Many experts believe most of this change has already occurred as the military down-sizes in search of the elusive "peace dividend." There are others who believe this is only the beginning, as the military's cost increases, and simultaneously is less needed to directly contribute to the National Security Strategy. A recent Congressional Budget Office study suggests that, "the bill for any increases in foreign aid must somehow be paid. Thus, it is assumed that any aid increases would be paid for...by further reducing the defense budget."⁴⁹ It goes on to say, "If [military] goals [2 MTWs] were scaled back, the US might be able to reduce the air and ground forces designed to fight such wars below the level planned by the [current] Administration."⁵⁰ This may very well indicate further reductions in the military budget and manpower.

The reader must also remember, as discussed earlier in this paper, that within the Macroeconomic Policy tool of the Economic Instrument of Power, government expenditures play a major role in getting its "economic house" in order. Because of this, the military should expect lower budgets and the associated reductions and closures. The Congressional Budget Office's study went on to say,

Additional savings might be achieved by reducing the defense budget beyond what the Clinton Administration has planned....In this event, making sure that the United States can function efficiently and effectively might be preferable to preparing for the unlikely event of two large and simultaneous regional wars rivaling Desert Storm in scope.⁵¹

Another very possible result from the decline in importance of the Military Instrument of Power, is the US military being increasingly more involved in non-traditional ways which support the emerging Economic Instrument of Power. The 1998 National Security Strategy has this to say:

Smaller-scale contingency operations encompass the full range of military operations short of major theater warfare, including humanitarian assistance, peace operations, enforcing embargoes and no-fly zones, evacuating US citizens, reinforcing key allies, and limited strikes and intervention. These operations will likely pose the most frequent challenge for US forces and cumulatively require significant commitments over time.⁵²

The 1997 National Military Strategy of the US reinforces this strategy. "The Armed Forces are the Nation's military instrument for ensuring our security....The military is a complementary element of national power that stands with the other instruments

wielded by our government."⁵³ This would lead one to believe that using the military in support of the Economic Instrument of Power would continue at its current level, if not higher.

In order to be successful in these different missions, the military will have to change the way it does business today and perhaps even the way it is structured. The 1998 National Security Strategy continues,

To support this transformation of our military forces, we will work cooperatively with the Congress to enact legislation to implement the Defense Reform Initiative, which will free up resources through a Revolution in Business Affairs. This revolution includes privatization, acquisition reform, and elimination of excess infrastructure through two additional base realignment and closure (BRAC) rounds in 2001 and 2005.⁵⁴

If these past changes are any indications of the possible future results to the Military Instrument of Power, the past decade is but a small fraction of the future changes the military may face.

CONCLUSION

Joint Pub 3-07.3, Joint Tactics, Techniques, and Procedures for Peace Operations, begins with this statement:

US doctrine is consistent with the doctrine of many nations in recognizing the important but limited role of military forces in the creation of peace in today's turbulent world....Influencing that will requires the concurrent application of all the instruments of national and international power: military, diplomatic, economic, and informational.⁵⁵

The world is continuing to change and the Military Instrument of Power will continue changing as well.

The Economic Instrument of Power continues to become increasingly more prominent in today's world environment. Alan Larson, Assistant Secretary of State for Economic and Business Affairs, recently had this to say, "Our interest in fostering peace and prosperity abroad will be increasingly based on economic interests, and not only on security or humanitarian concerns."⁵⁶ The earlier cited RAND study agrees with this belief, "The notion is becoming widespread that economic factors and concerns will play a more prominent role in defining and pursuing US national security objectives."⁵⁷

Professor Jonathan Kirshner in a recent article in Security Studies, had this to say about the Economic Instrument of Power,

Economic diplomacy will play an increasingly large role in the post-cold war era. Four principal factors contribute to this trend: First, although conflicts between participants in the anti-Soviet alliance are likely to increase, they will almost certainly be fought with economic as opposed to military techniques of statecraft. Second, the collapse of communism and

the greater number of small, market-sensitive economies in the international system has increased the number of states that are vulnerable to economic coercion. Third, many great powers in the system, such as the United States, Germany, and Japan, appear disinclined to use force to resolve many, if not most conflicts. Finally even in those cases where force is ultimately introduced, the lack of urgency that was associated with many cold war crises means that states are likely to apply economic sanctions as an early method of influence in a conflict. Thus sanctions are often an important intermediate form of statecraft that complement the use of force.⁵⁸

Therefore, it is imperative that Military Professionals remain informed and cognizant of the changing world environment, and more specifically the Economic Instrument of Power. The relationship between the Economic and Military Instruments of Power are becoming more and more linked. Ambassador Thomas Pickering, Under Secretary of State for Political Affairs, recently remarked that, "In today's world the pursuit of our military security interests represents only a part of foreign policy. Another key national interest is to ensure America's prosperity -- economic security."⁵⁹

If Military Professionals are to continue to be major players in the US and World arenas, they must become more and more educated on the Economic Instrument of Power. They must also appreciate how the Military and Economic Instruments of Power will continue to be used in unison to achieve the National Security Objectives. Anything less could lead to failure.

In the final analysis, the study of National Power [Instruments of Power] is a valuable educational

objective because it is so difficult. Aspiring strategists [Military Strategic Leaders] must grapple with concepts that overlap, that are subjective in many cases, that are relative and situational, and that defy scientific measurement.⁶⁰

Word Count: 5892

ENDNOTES

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